

Attachment 6B: JV Elimination Adjusting Entries

Ensure an accurate descriptive comment is used when entering a journal voucher in DDRS-AFS. Include the Federal trading partner causing the adjustment if it is identifiable.

RECORDING BUYER SIDE DEPARTMENTAL LEVEL INTRA-DOD TRANSACTION BALANCE ADJUSTMENTS

The following adjusting entries are based upon the data presented in the table below. The data presented for the selling activity in the table below represents the aggregated totals (for selected accounts) of all entities that provided goods or services to the buyer. The summary proprietary balances of the sellers are compared to the related proprietary balances of the buyer. At the departmental level, the buyer-side balances are adjusted so that the proprietary accounts equal the totals from the sellers' records for intra-DoD transactions. In addition, the buyer-side related budgetary accounts are adjusted. These adjusting entries must be reversed at the start of the next fiscal year. Subparagraphs A through D, below, provide sample general ledger transactions to record these adjustments. The table below contains the sample balances used in the sample transactions in those subparagraphs. Attributes used in these entries will be an "F" for Federal and an "N" for Non-Federal.

SUM OF ALL INTRA-DOD SELLER-SIDE BALANCES FOR A SINGLE BUYER-SIDE ENTITY CODE TRIAL BALANCE				
SGL Account	Attri- bute(s)	Title of Account	Debit Balance	Credit Balance
1310	(F)	Accounts Receivable	700,000	
2310	(F)	Advances from Others		100,000
2320	(F)	Deferred Credits		500,000
5200	(F)	Revenue from Services Provided		4,300,000

A. Entry 1-Accounts Receivable/Accounts Payable

The seller-side balances reflect Accounts Receivable of \$700,000. The buyer-side balances reflect Accounts Payable of \$300,000. The buyer-side records are adjusted to record the unrecorded increase in Accounts Payable of \$400,000.

1. Entry 1.A-Accounts Payable Accrual Adjustment for General Fund Reporting Entities.

Dr	6100F	Operating Expenses/Program Costs	400,000	
	Cr	2110F	Accounts Payable	400,000
Dr	4801	Undelivered Orders - Obligations, Unpaid	400,000	
	Cr	4901	Delivered Orders - Obligations, Unpaid	400,000
Dr	3107	Unexpended Appropriations - Used	400,000	

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Cr	5700	Expended Appropriations	400,000
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2. Entry 1.B–Accounts Payable Accrual Adjustment for Working Capital Fund Reporting Entities.

Dr	6100F	Operating Expenses/Program Costs	400,000
Cr	2110F	Accounts Payable	400,000
Dr	4801	Undelivered Orders - Obligations, Unpaid	400,000
Cr	4901	Delivered Orders - Obligations, Unpaid	400,000

B. Entry 2–Advances from Others (Unearned Revenue)/Advances to Others

The seller-side balances reflect Unearned Revenue (Account 2310, Advances from Others) of \$100,000. The buyer-side records reflect Advances (Account 1410, Advances to Others) of \$700,000. The buyer-side records are adjusted to record the unrecorded decrease in Advances of \$600,000.

1. Entry 2.A–Advances to Others Accrual Adjustment for General Fund Reporting Entities.

Dr	6100F	Operating Expenses/Program Costs	600,000
Cr	1410F	Advances to Others	600,000
Dr	4802	Unexpended Obligations - Paid	600,000
Cr	4902	Expended Authority - Paid	600,000
Dr	3107	Unexpended Appropriations - Used	600,000
Cr	5700	Expended Appropriations	600,000

2. Entry 2.B–Advances to Others Accrual Adjustment for Working Capital Fund Reporting Entities.

Dr	6100F	Operating Expenses/Program Costs	600,000
Cr	1410F	Advances to Others	600,000
Dr	4802	Unexpended Obligations - Paid	600,000
Cr	4902	Expended Authority - Paid	600,000

C. Entry 3–Deferred Credits/Prepayments

The seller-side balances reflect Unearned Revenue (Account 2320, Deferred Credits) of \$500,000. The buyer-side records reflect Prepayments (Account 1450, Prepayments) of \$900,000. The buyer-side records are adjusted to record the unrecorded decrease in the Prepayments of \$400,000.

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1. Entry 3.A–Prepayments Accrual Adjustment for General Fund Reporting Entities.

Dr	6100F	Operating Expenses/Program Costs	400,000	
	Cr	1450F	Prepayments	400,000
Dr	4802	Unexpended Obligations - Paid	400,000	
	Cr	4902	Expended Authority - Paid	400,000
Dr	3107	Unexpended Appropriations - Used	400,000	
	Cr	5700	Expended Appropriations	400,000

2. Entry 3.B–Prepayments Accrual Adjustment for Working Capital Fund Reporting Entities.

Dr	6100F	Operating Expenses/Program Costs	400,000	
	Cr	1450F	Prepayments	400,000
Dr	4802	Unexpended Obligations - Paid	400,000	
	Cr	4902	Expended Authority - Paid	400,000

D. Entry 4-Revenue/Cost

The process used within the Department to post supported undistributed disbursements necessitates an allocation of the supported undistributed disbursements between Federal and Non-Federal expenses. Because an allocation is used, the Federal costs reported by the buyers may not agree with the Federal revenue reported by the sellers. If this occurs, a reclassification of costs between Federal and Non-Federal on the books of the buyer will be required. The adjustment will be made to the buyer-side entity code trial balance level balances.

Dr	6100F	Operating Expenses/Program Costs	100,000	
	Cr	6100N	Operating Expenses/Program Costs	100,000

130602. In some situations, buyers have reported accounts payable greater than the accounts receivable reported by the sellers. When this situation occurs, the buyer-side entity shall reclassify a portion of its Federal accounts payable to its Non-Federal accounts payable. The amount to be reclassified will be the amount that is in excess of the accounts receivable reported by the seller-side. For example, the seller-side balances reflect Account Receivable of \$100,000. The buyer-side balances reflect Accounts Payable of \$300,000. The buyer-side records are adjusted to reclassify \$200,000 of Federal Accounts Payable (F) to Non-Federal Accounts Payable (N).

Dr	2110F	Accounts Payable	200,000	
	Cr	2110N	Accounts Payable	200,000